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ABSTRACT

This policy analysis focuses on identifying optimal federal fiscal policies for achieving desired programmatic and student outcomes on behalf of special populations in vocational education (i.e., disadvantaged, limited-English-proficient, and handicapped persons, and students interested in nontraditional careers). The present status of unserved special population students, enrollment patterns, and state and local funding suggests a critical need for the development and refinement of effective federal fiscal policy. A series of four major policy goals should be set; they include: improving access to programs and services, enhancing equity, stimulating program improvement, and strengthening interagency collaboration. In order to meet these goals, four major policy alternatives can be suggested: (1) direct federal grants to eligible recipients, (2) student incentive grants, (3) categorical state grants (setaside model) or (4) categorical state grants (separate title). Pupil-weighing formula and ability-to-pay factors are possible options for allocating funds within states. The most promising alternative for the short run appears to be the categorical state grant for vocational education; however, additional fiscal policy research that examines the full range of fiscal policy alternatives is needed. (KC)

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AN ANALYSIS OF FISCAL POLICY ALTERNATIVES FOR SERVING SPECIAL POPULATIONS IN VOCATIONAL EDUCATION

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U.S. DEPARTMENT OF EDUCATION
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FOREWORD

Vocational education programs in the United States serve a diverse clientele with a multitude of programs in complex and diverse settings. The diversity and complexity of these settings contribute, in fact, to the federal policymakers dilemma: how to formulate federal educational policy that is relevant in all settings.

Policy analysis, too, is complex and multi-opinionated. This dual complexity of programs and policy analysis presents special problems for developers of policy options. The policy analysts role is seldom simple, but the search for policy alternatives that are meaningful and useable is an essential undertaking if vocational education is to move forward.

Federal policymakers are the primary audience for this policy paper. However, state and local policymakers should find the presentation of policy options and the discussion of their advantages and disadvantages to be useful.

The National Center expresses its appreciation to L. Allen Phelps, the policy paper author. Dr. Phelps is an Associate Professor in the Department of Vocational and Technical Education and the Department of Special Education, College of Education, University of Illinois at Urbana-Champaign. He is also the Director of the Office of Career Development for Special Populations in the College of Education. In 1976, he was a Post-Doctoral Intern at the Bureau of Education for the Handicapped, U.S. Office of Education

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The National Center is indebted to the staff members who worked on the study. The study was conducted in the Information Systems Division, Dr. Joel Magisos, Associate Director. Dr. Floyd L. McKinney, Senior Research Specialist, served as Project Director and Alan Kohan as Graduate Research Associate. Dr. McKinney, a former secondary vocational education teacher, holds a Ph.D. in vocational education from Michigan State University. He has served as a university coordinator of graduate vocational education programs and as a division director in a state department of education. Mr. Kohan is a doctoral candidate in comprehensive vocational education at The Ohio State University and has a M.Ed. in Curriculum and Instruction from the University of Hawaii.

Patsy Slone served as secretary for the project. Joan Blank and Roxi Liming provided technical editing and final editorial review of the paper was provided by Judith Sechler of the National Center's Editorial Services area.

Robert E. Taylor
Executive Director
The National Center for Research
in Vocational Education

PREFACE

Federal policymakers need to be aware of alternative policy options before they can make decisions regarding the optimal resolution of critical problems in vocational education. By utilizing the expertise of vocational educators, the policy options should provide policymakers with inforimation regarding anticipated impacts, advantages and disadvantages of each alternative.

Recognizing this need of federal policymakers, the U.S. Department of Education, Office of Vocational and Adult Education (OVAE) requested that the National Center for Research in Vocational Education conduct a study for the purpose of preparing policy analysis papers in eight priority areas of high national interest. The areas identified by OVAE were (1) private sector involvement with the vocational community, (2) entrepreneurship, (3) defense preparedness, (4) high technology, (5) youth employment, (6) special needs of special populations, (7) excellence in education, and (8) educational technology.

In accordance with the instructions received from the Office of Vocational and Adult Education, The National Center for Research in Vocational Education conducted a limited competitive search for authors who would develop policy analysis papers on the eight critical issues in vocational education. Vocational education faculty members from educational professional development (EPD) institutions of higher education entered the competition by submitting a five-page proposal. No proposals were received on the topic of defense preparedness. After an extensive internal and external review process, eight authors were approved by the Assistant Secretary for Vocational Education, U.S. Department of Education.

The authors were provided assistance in policy analysis procedures, identification of relevant literature, and feedback on draft papers by policy analysts and educators. The authors presented their papers at a seminar in Washington, D.C., for key federal vocational education policymakers.

Other policy papers produced in this series are these:

- George H. Copa, University of Minnesota
  Vocational Education and Youth Employment
- Andrew A. Helwig, East Texas State University
  Alternative Training Options for Structurally Unemployed Older Workers
- Dennis R. Herschbach, University of Maryland
  Addressing Vocational Training and Retraining through Educational Technology: Policy Alternatives
- Ruth P. Hughes, Iowa State University
  Secondary Vocational Education: Imperative for Excellence

- Clyde F. Maurice, The Florida State University
  Private Sector Involvement with the Vocational Community: An Analysis of Policy Options

- N. Alan Sheppard, Morgan State University, formerly at Virginia Polytechnic Institute and State University
  A Policy Analysis of Professional Development and Personnel Preparation for Serving Special Populations

- Gordon I. Swanson, University of Minnesota
  Excellence in Vocational Education: A Policy Perspective

Floyd L. McKinney
Project Director and
Senior Research Specialist

Alan Kohan
Graduate Research Associate

EXECUTIVE SUMMARY

The primary audience for this policy paper is federal policymakers. The secondary audience is state and local level policymakers. This paper provides alternative policy options that contain information about anticipated impact, advantages, and disadvantages for each alternative. Recommendations for solving the problem are given. Vocational education programs supported by federal funds have a major role in and responsibility for enhancing educational equity. Since the middle 1960s, federal policy for special population students (e.g., disadvantaged, the limited-English-proficient, and handicapped individuals; and students interested in nontraditional careers) has developed at a rapid pace. State and local education agencies have been challenged to implement and monitor controversial, substantial, and sometimes contradictory federal policies—often with limited fiscal resources. This policy analysis focused on identifying optimal federal fiscal policies for achieving desired programmatic and student outcomes on behalf of special population students.

Following a review of federal policy initiatives in bilingual education, special education, compensatory education, and sex equity, the legislative history and policy performance of vocational education is discussed. The present status of unserved special population students, enrollment patterns, and state and local funding suggests a critical concern for the development and refinement of effective federal fiscal policy.

A series of four major policy goals is described that represent a range of alternative directions and varying priorities. The goals include (1) improving access to programs and services, (2) enhancing equity, (3) stimulating program improvement, and (4) strengthening interagency collaboration. Criteria for judging the adequacy of fiscal policy alternatives that address the goals are proposed as well. These criteria include: assurance of access and equity, fiscal adequacy, assistance to states, internal consistency (with other policy provisions of the Vocational Education Act), external consistency (with other federal education, training, and employment initiatives), administrative efficiency, and accountability.

Four major fiscal policy alternatives are presented and discussed, along with two options for intrastate distribution of funds. The major alternatives included: (1) Direct Federal Grants to Eligible Recipients, (2) Student Incentive Grants, (3) Categorical State Grant—Setaside Model, and (4) Categorical State Grant—Separate Title. A pupil-weighting formula and ability-to-pay/wealth factors are described as possible options for allocating funds within states.

The most promising alternative for the short run appears to be the Categorical State Grant for Vocational Education—a separate title with the use of a pupil-weighting procedure for distribution of funds to local education agencies. This alternative appears to satisfy more of the proposed criteria than the other models. Readers are cautioned about the need for clear specification of policy goals for special populations, better impact data, and the establishment of programmatic priorities prior to further analysis and implementation. Additional fiscal policy research that examines the full range of fiscal policy alternatives is clearly needed.

CHAPTER 1

INTRODUCTION

Since its inception, vocational education has been viewed, in part, as a program to assist all citizens in obtaining useful and marketable job skills. In achieving this goal, vocational education has been confronted with the challenge of equitably serving a broad array of individuals, including the disadvantaged, handicapped, cultural and ethnic minorities, and students desiring to enter nontraditional occupations. As Vetter, et al. (1982, p. 1) have noted, equity issues have been a central focus of vocational education from its earliest days. In 1914, the Commission on National Aid to Vocational Education stated: "The social and educational need for vocational training is equally urgent. Widespread vocational training will democratize the education of the country . . . by recognizing different tastes and abilities and by giving equal opportunities to all to prepare for their life work" (Commission on National Aid to Vocational Education 1914, vol. 1, p. 12).

Throughout the 1960s and 1970s, the nation's policymakers became increasingly concerned with the civil rights and plight of various special groups. The Civil Rights Act of 1964 and other pieces of federal elementary, secondary, and higher education legislation contained provisions for ensuring equal educational opportunity for these populations. Of the current budget (FY 1983) of the U.S. Department of Education, approximately $6.8 billion is allocated to programs designed exclusively to serve special populations. Essentially, these programs are aimed at increasing the access to and quality of educational programs that eventually will enable special groups to participate in the economic and social mainstream of society.

Since 1963, federal vocational education legislation has both strongly encouraged and required states to utilize an increasingly larger share of federal dollars for serving special populations. This policy analysis paper will examine the effects of current and alternative fiscal policies related to serving special populations in vocational education. These policies will be analyzed in terms of their impact upon achieving selected policy goals and programmatic outcomes for special populations. Following an elaboration of the problem, a set of criteria for judging the fiscal alternatives will be presented. Selected fiscal policy alternatives will then be examined in light of the criteria. A summary analysis and discussion will conclude the paper.

Federal Fiscal Policy for Special Populations

Since the mid 1960s the federal government has taken an increased interest in educational programs and their ability to provide equal educational opportunity to students who are disadvantaged, handicapped, or limited-English proficient. The federal government's emphasis on equal opportunity and civil rights has precipitated several federal education initiatives. The courts have been equally influential in rendering decisions that structure specific policy regarding the right to education and equal treatment under the law.

Compensatory Education

Since 1965 the federal government has pursued an active role in supporting educational programs for disadvantaged youth through Title I of the Elementary and Secondary Education Act (ESEA). Federal funds have been provided for compensatory education programs for low-income, neglected and delinquent, handicapped and migrant students in over fourteen thousand school districts across the country. In 1982, Title I was replaced by Chapter 1 of the Education Consolidation and Improvement Act of 1981. The new legislation, however, retains the same general purposes and funding formula. Under the new act there has been an effort to reduce federal supervision of the program and to maintain the quality of the program at the local level through the use of nonbinding guidelines rather than regulations. Chapter 1 funds are intended to provide compensatory education services for underachieving students who reside in poor or low-income communities. Under current Chapter 1 policy, funds go to counties based upon the number of low-income students in residence. Allocations are made by states to counties on a per-pupil basis, based upon the average per-pupil expenditure within the state.

In 1981-82, $3.1 billion was appropriated under Chapter 1 and an estimated 6 million students were served. At present, fifteen states have state-financed, compensatory education programs that supplement the federal program.

Education of the Handicapped

As noted above, federal aid for special education programs began in 1965 as part of Title I of ESEA. In the Education Amendments of 1974 (P.L. 93-380), states were required to provide due process procedures in evaluating and placing handicapped students. However, the Education for All Handicapped Children Act of 1975 has provided the major centerpiece of federal policy in this field. The major provision of the act is a state grant-in-aid program (Part B), which requires participating states to provide a free, appropriate education for all handicapped children between the ages of three and twenty-one. The "least restrictive environment" provision requires local schools to educate handicapped students, to the maximum extent possible, with their nonhandicapped peers. A variety of discretionary grant programs are also authorized to stimulate programmatic improvements through activities such as research, personnel preparation, regional resource centers, and early childhood education programs.

For the federal government's fiscal year 1981, $874 million was appropriated and some 3.93 million handicapped students were served (U.S. Department of Education 1982). The formula grants are provided to states based upon the total number of handicapped students served. All states receive the same fixed amount per child regardless of disability, (i.e., $222.29 per student in FY 1981).

Bilingual Education

Since 1969, Title VII of the Elementary and Secondary Education Act has provided funding to states and local school districts to assist in educating limited-English-proficient (LEP) students. Programs funded under the act are designed to enable students who have limited or no proficiency in English to receive instruction in their native language until they develop an adequate level of proficiency. Funds are also available under the Bilingual Education Act to establish or improve programs, conduct teacher training activities, and provide auxiliary and supplementary services and educational activities.

Under Title VII, local and state education agencies (SEAs) apply directly for program grants on a competitive basis to the U.S. Department of Education. The grants to SEAs are for the provision of technical assistance and statewide coordination service, and are limited to 5 percent of the total allocated to each state. In 1981-82, $138 million was allocated to bilingual education programs in forty-two states that served more than four hundred thousand students. McGuire (1982) reports that twenty-two states now provide state funding for bilingual education programs, in addition to receiving federal support.

Sex Equity

The Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972 were major pieces of legislation that focused attention upon the provision of equal educational opportunities regardless of sex. In the context of this paper and selected federal policies, students who are entering vocational education programs and occupations that are nontraditional fields for persons of their sex may be considered special populations. In other words, they require some specialized programs and/or supportive services in order to succeed in a vocational education program. The Vocational Education Act (VEA) of 1963, as amended by Title II of P.L. 94-482—the Education Amendments of 1976, authorizes states to use federal funds to ensure equal access to vocational education and reduce the problem of sex bias and sex role stereotyping. The act also calls for full-time personnel in state boards of vocational education and encourages states to issue grants to overcome sex bias and to provide support services for women. In 1980-81, the outlays for full-time sex equity personnel totaled $3,243,000, of which 96.6 percent were federal funds. Eighteen states provided 99,137 women with support services totaling $2,501,291 (all federal funds). States also utilized approximately $4.1 million of federal funds to assist students in entering and completing nontraditional vocational education programs.

Vocational Education

The VEA of 1963 was the first piece of federal vocational education legislation to reflect directly a commitment to enhance equality of opportunity for special populations. The act authorized states to use federal vocational education funds to serve "persons who have academic, socioeconomic, or other handicaps that prevent them from succeeding in the regular vocational education program." The act also created a pool of federal funds to support work-study programs for youth who needed the earnings to continue their education. Finally, for the awarding of funds to local education agencies (LEAs), the Act required states to use criteria that included priority consideration for communities with a substantial number of dropout and unemployed youth. These provisions were the early basis for improving equity and access for special populations in vocational education.

During its consideration of the 1968 amendments to the VEA, the Congress learned that states had not, for the most part, responded to the policy initiatives relative to special populations.

> Of the more than $980 million spent for vocational education programs under the 1963 VEA, only $19.9 million, or approximately 2 percent of the federal funds were spent on programs for students with special needs. According to the 1967 report submitted by the Advisory Council on Vocational Education, the vocational education enterprise continued to be unresponsive both to the changing needs of the economy and to the problems of disadvantaged students. (National Institute of Education, 1981, p. 7).

The subsequent 1968 amendments required states to take substantive action; specifically, states were required to spend 15 percent of their federal funds on programs for the disadvantaged and 10 percent on programs for the handicapped. Additionally, a minimum of one-third of the state's allotment for consumer and homemaking education programs was directed toward areas with high unemployment and depressed economies. A separate program for disadvantaged youth in communities with high unemployment was established. During the early 1970s, federal legislation was also introduced that noted the need to provide equality of educational opportunity regardless of sex (Title IX of the Education Amendments of 1972, P.L. 92-318) and national origin (P.L. 93-380, Part J). In 1974, this latter provision established a federal commitment to provide bilingual vocational training to persons with limited-English-speaking ability.

The 1976 amendments to the VEA expanded the special needs set-asides to 30 percent (20 percent for the disadvantaged, 10 percent for the handicapped). The separate title called Special Programs for the Disadvantaged (Subpart 4) was also maintained. The legislation further specified that disadvantaged and handicapped students be served, to the maximum extent possible, in regular vocational education programs, and required states to pay at least 50 percent of the costs of serving special needs students. The initial regulations for the act further interpreted these requirements to mean that set-aside funds could only be used to pay for the excess costs associated with serving special needs. Subsequent regulations allowed for VEA and matching state and local funds to be used for paying the full cost of serving special needs students who were enrolled in a separate program. Schools were rewarded financially when they used separate programs and punished when they placed special needs students in regular classes. Thus, the policy of encouraging mainstreaming appeared to be compromised to some degree.

Regulatory History

Following the enactment of the 1976 amendments, a series of critical events occurred that had a dramatic effect upon federal fiscal policy for the national priority programs that were targeted for special needs populations. Brustein's (1981) analysis of the regulatory history provides a detailed review of the developments that have occurred in designing and implementing fiscal policies from the 1976 amendments. From April 1977 through 1980 there was a series of attempts to shape the federal rules and regulations that involved members of Congress, the administration (specifically, the Bureau of Occupational and Adult Education), professional groups, and the lay public. Various interpretations were proposed, published for comment, and adopted regarding excess cost calculation and matching requirements for both regular and separate vocational programs serving special needs youth and adults. During this period, considerable confusion existed in state and local education agencies regarding the accurate interpretation of matching requirements and support services that were eligible for funding.

In summary, several key observations have been offered regarding the effects of the 1976 amendments in serving special populations. First, it is unlikely that the intent of Congress and the administration to improve and expand the utilization of state, local, and federal funds for programs for special needs youth and adults has been achieved. States and LEAs have reported difficulties in calculating excess costs. As a result of the increased burden associated with excess cost reporting, administrators are often inclined to either (1) not report special needs students who are served in vocational programs or (2) discourage disadvantaged and handicapped students from enrolling The recent national study of vocational education by the National Institute of Education (1981) noted that less than one-half of the districts reported using federal funds to provide extra service to special needs students.

In view of the rampant confusion stemming from the implementation of matching and excess cost requirements, it is reasonabe to conclude that the federal legal framework lacks clarity, consistency, and the flexibility necessary to meet the diverse needs of states. In fact, the special needs populations whom the federal legal framework is designed to benefit have possibly been deprived of badly needed vocational opportunities as a result of this confusion (Brustein 1981).

Enrollment Patterns

To gain additional insight into the current fiscal policies, it is necessary to examine recent trends in enrollment patterns of special population students. Disadvantaged, handicapped, LEP, and nontraditional students have been legally assured of their right to gain access to vocational education and to equal educational opportunity since 1964. But data and evidence have been difficult to locate that prove these groups have been served in vocational education programs nationwide. Since the 1976 amendments and the establishment of the Vocational Education Data System (VEDS), however, enrollment data have been generated on an annual basis. Examination of the enrollment trends of recent years now show more heartening results.

Table 1 describes the 1980-81 school year enrollment pattern of special needs populations in relation to the total population of students in vocational education. Overall, special needs students represent nearly 20 percent of the students enrolled in vocational education programs, and they appear to be served in a variety of occupational preparation areas, including technical education.

Brustein (1981) and the National Institute of Education (1981) have argued that excess cost funding and matching requirements for special needs programs may cause a greater number of special populations to be placed inappropriately in separate or special vocational classes because of cost accounting difficulties associated with mainstreaming. Table 2 shows that in 1980-81 nearly 80 percent of special population students were served in mainstream settings at both the secondary and postsecondary level either with or without supportive services. Only 20 percent of the students were served in separate programs. By comparison, in 1979-80 the National Center for Education Statistics (1982) reported that 30.5 percent of all handicapped children ages three to twenty-one in the United States were served in separate schools or separate classes (p. 6).

Overall, a variety of observations can be made from the data describing enrollment patterns:

- Handicapped, disadvantaged, and LEP students constituted a total of 19.6 percent of the total enrollment. This figure is a rather dramatic increase from 1973-74 when disadvantaged individuals represented 1.6 million (or 12.1 percent) of those enrolled in vocational education and only 234,000 handicapped persons (1.7 percent) were served (National Center for Research in Vocational Education 1979).

- In comparison to the percentage of all students enrolled in occupationally specific (advanced) programs, special needs students participated on an equal or better basis (37.1 percent to 34.4 percent) in the advanced courses.

- A relatively large percentage of special needs students (10.1 percent) are enrolled in "other programs," which suggests that states may be using a variety of special program options to serve these students. The extent to which these programs may be focused on providing occupationally specific skills is not known, but this is a concern from the access and equity perspective.

TABLE 1

SPECIAL NEEDS ENROLLMENT (VEA) AND PERCENTAGE OF TOTAL ENROLLMENT BY PROGRAM AREA
50 STATES AND D.C. 1980–81

Program Area	Total Enrollment	Special Needs Enrollment					
		Handicapped		Disadvantaged		LEP	
		Enrollment	Percent of Total	Enrollment	Percent of Total	Enrollment	Percent of Total
Agriculture	843,401	31,238	3.7	124,348	14.7	5,852	0.7
Distribution	929,689	16,447	1.8	105,399	11.3	8,399	0.9
Health Occup.	949,652	13,310	1.4	107,777	11.3	7,463	0.8
Occup. Home Economics	573,530	34,777	6.1	127,170	22.2	8,871	1.5
Office Occup.	3,615,048	91,990	2.5	510,552	14.1	43,623	1.2
Tech. Educ.	505,859	8,585	1.7	75,390	14.9	11,251	2.2
Trade & Indust Occupations	3,221,588	109,467	3.4	473,870	14.7	29,713	0.9
Other NEC*	1,134.034	113,777	10.0	328,930	29.0	11,101	1.0
Consumer & Homemaking	3,189,248	89,153	2.8	543,649	17.0	27,395	0.9
Industrial Arts	1,899,793	47,217	2.5	170,452	9.0	17,483	0.9
Total	16,861,828	555,961	3.3	2,567,537	15.2	171,151	1.0

SOURCE: U.S. Department of Education, National Center for Education Statistics, Vocational Education Data System. 3 May 1983, table 1109, unpublished data.

*Other programs not elsewhere classified

TABLE 2

SPECIAL NEEDS ENROLLMENTS (VEA) BY TYPE OF INSTRUCTIONAL SETTING AND INSTITUTIONAL STREAM: 1980–81

	Mainstream No Support	% of Total	Mainstream with Support	% of Total	Separate Program	% of Total	Total	
Secondary Level								
Handicapped	133,922	37.7%	125,406	35.3	95,900	26.9	355,228	
Disadvantaged	N		604,112	82.7	125,585	17.3	729,697	
Limited-English-Proficient			23,832	83.2	4,802	16.8	28,634	
Special Disadvantaged	N		50,743	75.3	16,640	24.7	67,383	
Subtotal	133,922	11.3	804,093	68.1	242,927	20.6	1,180,942	63.8
Postsecondary Level								
Handicapped	42,486	32.7	59,083	47.6	24,300	19.8	125,869*	
Disadvantaged	N		344,038	81.0	80,923	19.0	424,961	
Limited-English-Proficient	N		42,682	84.7	5,608	15.3	48,290	
Special Disadvantaged	N		53,378	74.0	18,890	26.0	72,268	
Subtotal	42,486	6.2%	499,181	74.3	129,721	19.6	671,388	36.2
Total	176,408	9.5%	1,303,274	70.4	372,648	20.1	1,852,330	100.0

SOURCE: U.S. Department of Education, National Center for Education Statistics, Vocational Education, Vocational Education Data System, 3 May 1983, unpublished data.

*Plus 1, 188 handicapped individuals whose status was unknown

- Since 1978-79, there has been a slight decline in the total number of students enrolled in vocational education at the secondary level. However, the number of special needs students participating in vocational programs has risen steadily with moderate increases each year. Since 1972, the enrollment of special students has risen 79 percent, whereas the overall enrollment has risen only 35 percent.

- Those special students who participate in vocational education appear to have achieved access to the full range of occupational programs from agriculture to technical education.

- As is the trend with the total vocational education enrollment, a gradual shifting to the postsecondary level is noted. Approximately 35 percent of the special needs enrollment is now at the postsecondary and adult levels.

- Concerns regarding the directing of special needs students into separate programs seem unfounded. At both the secondary and postsecondary level, 80 percent of the special needs students are served in regular vocational education programs.

Unserved Special Populations

In examining the access and equity issues associated with vocational education, it is important to consider first the magnitude of the unserved population. Perhaps the largest special population group that could benefit dramatically from vocational education is high school dropouts. Data from the National Center for Education Statistics (1980b; 1982) indicate that in 1980, 26.2 percent of the youth between the ages of fourteen to nineteen dropped out of high school programs. Annually, this represents approximately 1.1 million youth who fail to receive a high school diploma, which employers have come to regard as an essential prerequisite for most entry-level jobs. Although approximately half of these former students will eventually complete their secondary education through General Education Diploma, adult education, or military programs, the current loss in work force productivity from unemployed and unemployable youth is substantial.

As noted earlier, approximately 6 million elementary-age, disadvantaged students are served each year in the compensatory education programs funded by Chapter 1 of the Education Consolidation and Improvement Act. However, only about 1.6 million disadvantaged students are served in vocational education at the secondary level. While many Chapter 1 students no longer need remedial reading and/or math instruction when they reach high school, it is unlikely that the 72 percent who no longer receive special academic help via programs such as vocational education will be highly successful in high school without at least some assistance. One feasible hypothesis is that the lack of remedial, supportive services (compensatory education) has contributed to the static dropout rate of 25-27 percent that the schools have experienced since the mid-1960s. Mertens, Seitz, and Cox (1982) studied the dropout patterns of 7,416 individuals who were sixteen years of age and older in 1980. They found that increased exposure to vocational courses was helpful in retaining those students who had been highly alienated by their school experiences prior to reaching age sixteen. Vocational education does appear to have critical educational and economic utility for a large percentage of underachieving students and out-of-school youth.

In 1980, handicapped students numbered nearly 4 million, or 8 percent of the total school-age population. Of the 13.3 million students enrolled at the secondary level, perhaps as many as 1.1 million can be considered to be handicapped (National Center for Education Statistics 1980b). However, as tables 1 and 2 reveal, only about half of this number (555,000) actually enroll in a vocational education program. As with other special population students at the secondary level,

appropriately designed vocational education programs are essential for the successful transition of these students to competitive employment. Without such programs and services, the problems of unemployment and underemployment among the disabled and economically disadvantaged segments of the population will continue to exist at their present levels, which clearly are too high.

State and Local Funds

In addition to enrollment patterns and population incidence data, another reference point for examining the current federal fiscal policy is state and local matching expenditures. Such data provide a gross indication of the extent to which states and local education agencies share the federal government's concern for providing training and educational opportunities to a particular group.

Table 3 presents the level of expediture from both federal and nonfederal sources for the total vocational education program, as well as for the national priority programs (handicapped, disadvantaged, and LEP). Historically, states and local communities have been matching the federal vocational education funds at the rate of nearly 10 to 1. However, more recent data suggest that state tax and spending lids and other fiscal constraints have reduced the state and local contributions to about an 8 to 1 ratio, or approximately $3.1 billion in 1980-81. Concurrently, the level of state and local support for special needs programs has remained stable overall. During the past three years, states and local expenditures have matched federal expenditures at a rate of 2.78 to 1. This rate clearly exceeds the fifty-fifty match of excess costs as called for in the regulations.

A state-by-state analysis of the FY 1981 expenditures reveals that four states were unable to make the handicapped match, and seven states were unable to achieve the match of expenditures for disadvantaged and LEP students. In seven of the eleven instances of nonmatching the ratio of nonfederal to federal contributions was between .92 and .99. It would appear that in the years since enactment of the Education Amendments of 1976 (P.L. 94-482), the concern regarding lack of state and local contributions to special needs programs has been ameliorated somewhat, with states now contributing about 62-63 percent of the total costs for serving special population students.

The level of expenditure per student across different programs deserves examination. As table 4 reveals, the level of expenditures per handicapped student in vocational education in 1980-81 was more than double the level of support provided per disadvantaged and LEP student. And yet, the level of federal funding per handicapped student was considerably less than that provided under the Education of All Handicapped Children Act of 1975 (P.L. 94-142). Although costs for serving a special needs student vary markedly, depending upon the nature and severity of the individual's special needs, the wide discrepancies across federal programs in the level of funding per student do not seem to correlate with the number of students needing to be served.

Table 5 describes the level of federal and nonfederal expenditures for special programs that do not require matching. Here again, since FY 1978 nonfederal expenditures have risen from negligible to substantial levels for programs serving displaced homemakers, economically depressed areas, sex bias situations, sex equity personnel, and disadvantaged students from districts with high rates of unemployment and school dropout.

The use of state and local support for special populations is a somewhat perplexing issue in light of the recent national trend showing a steep decline in overall state and local vocational education expenditures. In school year 1977-78, the state and local expenditures matched the federal

TABLE 3

VOCATIONAL EDUCATION EXPENDITURES (VEA) FOR NATIONAL PRIORITY PROGRAMS, BY SOURCES OF FUNDS: SCHOOL YEARS (1978-79 THROUGH 1980-81

	Total VEA Expenditures	Handicapped	Disadvantaged	Limited-English-Proficiency
School year 1978-79				
Total	$2,752,084,215	$174,303,824	$416,993,085	$21,280,623
Federal	295,063,363	53,140,457	104,954,394	3,879,992
Nonfederal	2,457,020,852	121,163,367	312,038,691	17,401,631
Ratio of nonfederal to federal	8.33:1	2.28:1	2.97:1	4.49:1
Federal as percent of total	10.7	30.5	25.2	18.2
School year 1979-80				
Total	3,464,282,666	195,258,069	474,429,777	25,497,283
Federal	316,097,432	63,063,123	109,747,915	5,263,792
Nonfederal	3,148,185,234	132,194,946	364,681,862	20,333,491
Ratio of nonfederal to federal	9.96:1	2.10:1	3.32:1	3.86:1
Federal as percent of total	9.1	32.3	23.1	20.3
School year 1980-81				
Total	3,487,693,954	225,290,457	518,190,629	26,775,067
Federal	382,231,721	68,448,286	133,930,299	7,049,710
Nonfederal	3,105,462,233	156,842,171	384,260,330	19,725,357
Ratio of nonfederal to federal	8.12:1	2.29:1	2.87:1	2.80:1
Federal as percent of total	11.0	30.4	25.8	26.3

SOURCE: Adapted from the National Center for Education Statistics, Vocational Education Data System, *Bulletin,* March 1983.

TABLE 4

VOCATIONAL EDUCATION EXPENDITURE FOR NATIONAL PRIORITY PROGRAMS: 1980-81

National Priority Program	School Year 1980-81 Expenditure Federal	Nonfederal	Federal as % Total	Ratio of Nonfederal to Federal	Federal Expenditure per Student	Total Expenditure per Student
Handicapped	68,448,286	156,842,171	30.4	2.29	$123.51*	$406.54
Disadvantaged	133,930,299	384,260,330	25.8	2.87	52.393	202.70
Limited-English-Proficient	7,049,710	19,725,357	26.3	2.80	41.36	156.99
Special Disadvantaged	12,765,045	10,415,784	55.1	.82	90.90**	165.07

SOURCE: Adapted from the National Center for Education Statistics, Vocational Education Data System, 1983.

*In 1980-81, the total enrollment of handicapped students in P.L. 94-142 programs was 3,933,981 and the total federal expenditure was $874.5 million for a federal expenditure per student of $222.29 (U.S. Department of Education 1982).

**In 1981-82 the total enrollment of disadvantaged youth in Chapter 1 programs was approximately 5,085,400 and the total federal expenditure was $3,104,317,000 for a federal expenditure per student of $610.44 *Youth Policy* (1983, pp. 23-24).

TABLE 5

EXPENDITURES FOR PROGRAMS (VEA) TARGET GROUPS, BY AUTHORIZATION YEAR SOURCE OF FUNDS: SCHOOL YEAR 1979-80

Priority	School Year 1979-80 Total Expenditures		Fiscal Year of Authorization					
			1980		1979		1978	
	Federal	Nonfederal	Federal	Nonfederal	Federal	Nonfederal	Federal	Nonfederal
Full-Time Sex Equity	2,948,852	2,164,267	2,007,071	1,163,426	893,704	841	48,077	0
Placement Service	484,798	3,286,173	402,615	3,282,350	82,183	3,823	0	0
Support Services for Women	1,093,466	1,279,424	975,980	1,266,371	94,733	11,304	22,753	1,749
Day Care	797,294	764,295	439,811	741,173	224,074	20,187	133,409	2,935
Displaced Homemakers	3,130,065	6,943,444	2,259,209	6,843,472	827,749	99,972	49,107	0
Guidance & Counseling	40,675,601	213,357,153	26,273,485	188,603,472	11,431,782	15,326,788	2,970,334	9,426,831
Sex Bias	2,167,078	1,863,149	1,630,411	1,711,112	533,362	120,175	3,305	4,862
Special Disadvantaged	21,852,597	12,708,608	13,487,457	11,170,736	7,022,378	1,506,679	1,341,762	31,1983
Home Economics Depressed Areas	24,162,826	208,763,901	18,491,996	205,346,950	4,234,175	3,151,659	1,436,655	265,292
Ancillary Services Depressed Areas	2,895,977	5,880,819	2,257,573	5,822,654	621,405	40,440	16,999	17,725

SOURCE: National Center for Education Statistics. Expenditure for Vocational Education. Bulletin, December (1982, p. 7).

expenditures at a ratio of 10.4 to 1. By 1980-81, this ratio had fallen to 7.8 to 1 (National Center for Education Statistics 1983). As state and local financial support for vocational education has begun to diminish, their financial support for programs to serve special populations has risen steadily, including programs for which matching is not required.

Policy Goals for Special Populations

The preceding sections have noted the substantial allocation and expenditure of federal, state, and local resources designed to assist special populations in succeeding in vocational education programs and subsequently in employment. The 1976 Vocational Education Amendments of 1976 cited a variety of policy goals relative to special populations. The declaration of purpose for the act cites the overall intent to be—

1. to extend, improve, and, where necessary, maintain existing programs of vocational education;

2. to develop new programs of vocational education;

3. To develop and carry out such programs of vocational education within each State so as to overcome sex discrimination and sex stereotyping in vocational education programs; and,

4. To provide part-time employment for youths who need the earnings from such employment to continue their vocational training on a full-time basis so that persons of all ages, in all communities of the State, those in high school, those who have completed or discontinued their formal education and are preparing to enter the labor market, those who have already entered the labor market, but need to upgrade their skills or learn new ones, those with special educational handicaps, and those in postsecondary schools, will have ready access to vocational training and retraining which is of high quality, which is realistic in light of actual or anticipated opportunities for gainful employment, and which is suited to their needs, interests, and ability to benefit from such training (Sec. 101).

The National Institute of Education (1981) noted that the purpose intertwines both social and economic goals.

> The social goal expresses the aspiration for equality of educational opportunity for everyone regardless of age, location, condition or ability. . . The economic goal is a trained labor force. This is to be achieved by providing individuals with educational opportunities for the acquisition and development of occupational knowledge and skills . . . that meet the demands of the labor market. (pp. 1-2)

The current federal legislation provides both ends and means for meeting the stated social and economic goals. It is important to recognize the dynamics and interaction of federal policy that are: (1) intended to assist states in achieving goals and outcomes of national interest; (2) designed to prescribe specific means for realizing the goals; and (3) limited in terms of the federal resources available to states to achieve the stated goals.

Clearly, the policy goals of the 1976 VEA amendments reflect an increased emphasis from previous legislation on social goals and outcomes. Essentially, social policy goals are aimed at providing educational equity and meeting the needs of special population groups. These policy

goals could be classified in at least four areas: access, equity, program improvement, and interagency collaboration.

Access

States and communities vary markedly in their capacity to offer vocational education programs to their residents. Urban and rural communities are especially hard pressed to offer vocational programs when other societal needs for dollars and balanced budgets may be more pressing. Individuals of a particular sex or persons with special learning handicaps may find that enrollment in a particular vocational program cannot be achieved without some modification to the program or the provision of appropriate, additional support services. Thus, one of the principal goals of federal policy has been, and most likely will continue to be, to ensure that all persons have an equal opportunity to participate in vocational education programs that match their needs, interests, and abilities.

As greater programmatic access is achieved and educational opportunities are enhanced, as is suggested by recent VEDS enrollment data, the priority of the access goal is likely to be reduced.

Equity

A second goal focuses upon the promotion of educational equity. Although the conventional definitions of "equity" describe it as the quality of being just, impartial, unbiased, or fair, Hull (n.d.) notes that, when applied to vocational education, the concept of equity "refers to the fair and unbiased treatment of individuals with respect to one's right, benefit, or privilege, or aid which is offered by or through vocational education" (p. 6). Equity is also regarded as a continuously evolving and largely subjective concept in which legal interpretations, educational policies, and specific situations will determine the precise meaning of fair and just treatment. Another important observation about the concept of equity is that equitable treatment does not ensure equality of results or outcomes. Yet this is often clearly implied when studies measure the success of programs by their ability to reduce the gap in achievment test scores for students from different racial or ethnic backgrounds.

The equity goals associated with vocational education can be identified as providing assurance that, once admitted to a vocational program (i.e., given access), students are served in a manner that ensures they have an equal opportunity to gain successfully the same employment skills as all other students in the program, regardless of their sex, race, language proficiency, handicap, or disadvantage. Simply assuring students that they have the right to participate is insufficient. The unique and highly divergent educational needs of special students must be met in order for them to achieve similar outcomes. Chambers and Parrish (1983) further noted that the concept of equity generally refers to the relative differences in access of different student populations to educational services. Horizontal equity focuses on whether or not the children exhibiting similar education needs have access to similar educational resources and services across different local communities. Vertical equity treats the relative differences in access to educational resources and services provided to children with varying educational needs. In vocational education, the former concern focuses on the level of services received by economically disadvantaged students statewide; the latter issue examines the differences in services provided to economically disadvantaged students as compared to severely mentally handicapped students or other nonspecial population students in vocational education.

Program Improvement

One of the long-standing purposes of federal support for education is to improve existing programs. In the case of special population students, new supportive services and/or specialized programs have been developed to assist them in succeeding in vocational education programs. Clearly, the primary role of federal funds has been to renew, strengthen, expand, and intensify existing programs—rather than to maintain existing programs. While the current authorizing legislation (Title II of the Education Amendments of 1976, P.L. 94-482) does allow states to use federal funds to maintain programs where necessary, the current proposals for a new act (S.1037 and H.R. 4164) remove the option of program maintenance totally.

Recent oversight testimony before the Senate and House authorizing subcommittees has noted a variety of areas in which vocational programs must be strengthened to serve special student populations more effectively. Program improvement provisions related to special students might allow for funding of the following services and program components:

- Providing supplementary and remedial instruction, particularly in basic skills development
- Expanding vocational assessment and diagnostic services
- Developing individualized, employability development plans similar to the individualized education programs required under the Education of All Handicapped Children Act, P.L. 94-142
- Providing preemployment skills training and appropriate work site learning opportunities to aid students in the transition from school to work
- Providing effective guidance counseling and supportive services to eliminate stereotyping and bias on the basis of sex, race, ethnic origin, and handicapping condition

These represent some of the program improvement options for vocational education that would enhance the programs for special needs populations. One of the major policy goals is to provide the essential supportive services and program modifications that will enable special needs youth and adults to achieve maximum benefits from vocational education programs.

Interagency Collaboration

As noted in the introduction, vocational education is only one of several federal programs designed to address the education and employment needs of special populations. Thus, one important, major policy goal continues to be the systematic coordination and interface of vocational education with other human service delivery systems. Programs of vocational education serving special needs populations in a given state and community must coordinate their efforts with such federal programs as the Job Training Partnership Act (JTPA), vocational rehabilitation, special education, compensatory education, bilingual education, as well as agencies responsible for economic development and employment services. State and local coordination helps to ensure that a full continuum of appropriate services is provided, and that programs do not duplicate their efforts unnecessarily.

CHAPTER 2

THE PROBLEM

The problem of financing and developing fiscal policy for vocational education is very complex. The problem is made complex by the pluralistic nature of the goals, state education policies, institutions, and students served in vocational education. As the National Institute of Education study (1981) noted, the nation's vocational education enterprise is "pluralistic and diversified in structure and governance and constitutes a multiplicity of different systems which have key characteristics in common" (p. xxi). As set forth in the previous section, the goals of the present federal legislation are broad and ambitious, and focus on attaining important economic as well as social outcomes for the nation's citizenry.

Two important baseline observations regarding the search for optimal federal fiscal policy to serve special populations were noted in the National Institute of Education (1981) study of vocational education.

- The ways which federal funds are distributed to areas and earmarked to benefit certain groups of individuals are crucial to realizing federal policy objectives. (p. xxiv)

- One of the key objectives of the VEA is to assist states to improve their capacity to provide vocational programs and services to students who are handicapped, or disadvantaged, or whose English-speaking proficiency is limited. (p. xxviii)

The findings from the National Institute of Education (1981) study and its various substudies addressed several problems associated with both fiscal policy and related programming and services for youth and adults with special needs. These observations and findings are drawn from a series of studies that examined (1) federal and state fiscal policy and alternatives (Benson and Hoachlander 1981c; Benson and Hoachlander 1981b; Benson, Hoachlander, and Polster 1980; and Hoachlander and Johnson 1981) and (2) equity and special population concerns in vocational education (Bueke, et al. 1980; Brigham, 1980; Long and Silverstein 1981; Lukas 1981; Nacson and Kelly 1980). Among the major findings were the following:

- Funds are distributed to states with little or no regard to differences among them in fiscal capacity and no regard to the relative costs of education (Benson & Hoachlander 1981b).

- Aspects of the intrastate distribution procedures are ambiguous and faulty (Benson, Hoachlander, and Polster 1980).

- The intrastate distribution procedures allow states to allocate federal funds in line with goals and priorities that may or may not be congruent with those of federal policy (Benson, Hoachlander, and Polster 1980).

- The many factors driving the intrastate distribution of federal funds were weak and inconsistent in fiscal year 1979 (Benson, Hoachlander, and Polster 1980).

- Federal grants have been too limited in scale to help states with the task of realizing all the objectives of federal policy (Benson and Hoachlander 1981c).

- Those recent VEA amendments, in combination with civil rights laws and other legislation, have stimulated the states to make a greater effort to serve students with special needs (Beuke, et al. 1980).

- The manner in which the excess costs and matching requirements are interpreted and implemented may inhibit localities from spending federal funds to provide programs and services for students with special needs and creates a disincentive to mainstreaming these students in regular classes (National Institute of Education 1981).

Problem Statement

As one examines the effects of current fiscal policy and the goals for serving special populations in vocational education, a variety of issues and questions are raised. Questions such as the following can be posed: (1) What refinements in federal fiscal policy are needed? (2) What alternative fiscal policies exist and should be examined? (3) How should we judge the appropriateness of different alternatives? (4) What are the major policy goals to be achieved for special populations in the next five to ten years? and most important, (5) *What appears to be the optimal federal fiscal policies for achieving the desired goals relative to special populations?*

This policy analysis paper focuses on each of these questions in a general context. However, the precise problem to be examined is embedded in the last question posed above. Several current and anticipated policy goals were described and discussed earlier. The following sections of the paper will examine the major fiscal policy alternatives and identify criteria that are appropriate in judging the adequacy of each of the alternatives in light of the goals. A structure of the policy problem is presented in figure 1.

Assumptions and Limitations

This policy analysis is based upon several key assumptions and limitations regarding the nature of federal fiscal policy in education. First, it is assumed that development of a useful federal fiscal policy is both possible and advantageous. Since the late 1700s (the Ordinance of 1787), federal policy has existed in the field of education. Federal policies have had important fiscal provisions designed to assist state and local communities in overcoming and resolving problems of national significance. Yet, as the number and complexity of these fiscal policies have increased, it has become apparent that such policies may inhibit or constrain the achievement of the intended policy outcomes.

Second, the analysis is predicated on the notion that the policy goals and intended outcomes have been sufficiently and clearly identified for special populations. It will be assumed that the set of goal statements presented earlier encompasses the spectrum of potential outcomes. However, the analysis is limited in that a clear sense of priority among these goals cannot be adequately defined. The development of an appropriate fiscal policy will depend greatly upon the accepted view of the importance of and timetable for achieving selected goals over other goals.

Third, it is assumed that policy goals for diverse special population groups can be achieved with a singular or highly similar set of fiscal policies. This assumption is based upon the notion

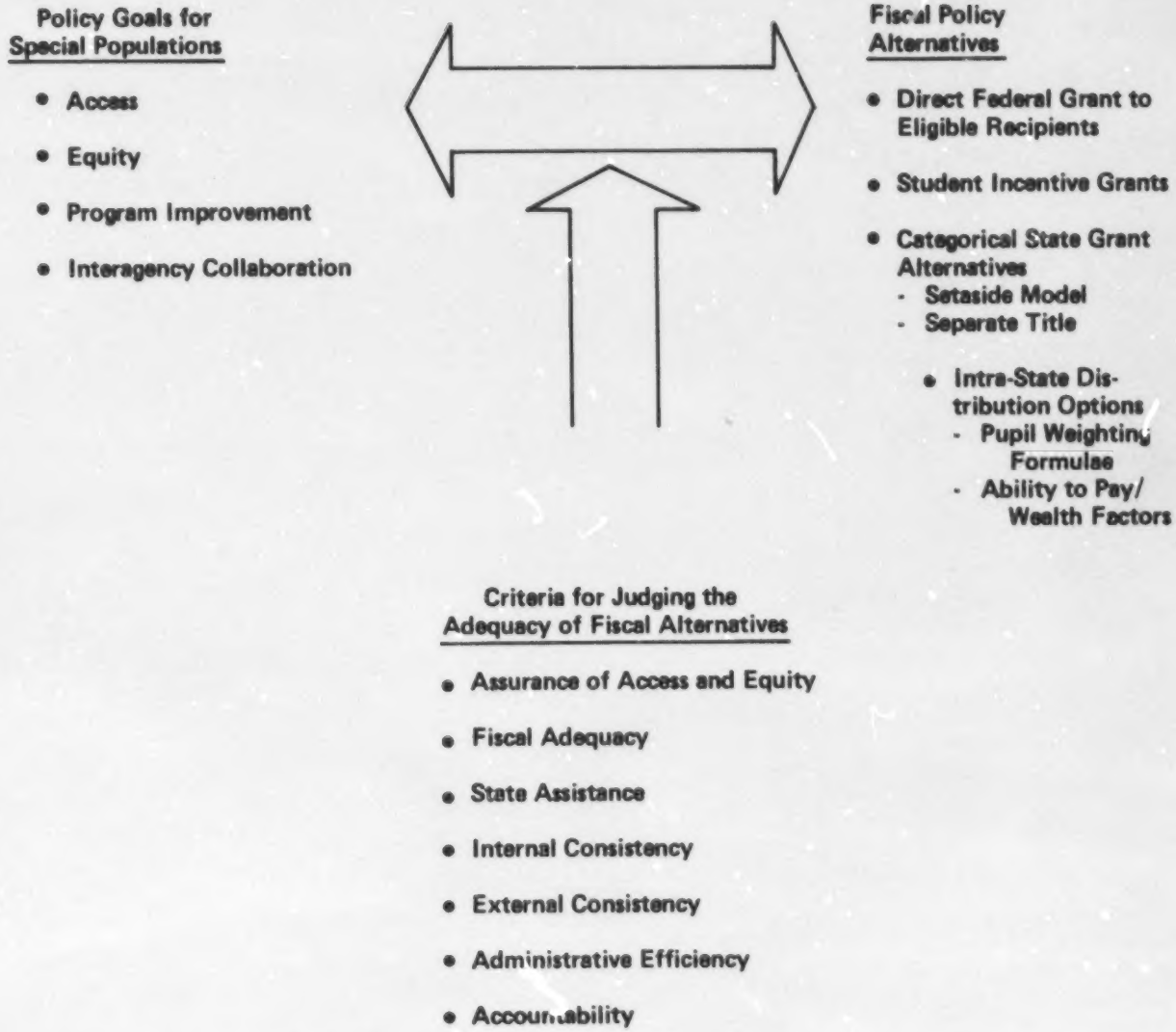

Figure 1. Structure of the Policy Problem

that special populations are defined as such because of their need for special services and/or modified vocational education programs. It will be assumed that a singular, yet sufficiently broad fiscal policy can be formulated to provide the needed support services and specialized programs. In examining specific program situations where special students are served, such an assumption is often problematic.

Fourth, the analysis is limited by the lack of data and previous research on which to make comprehensive and useful analysis. Data describing enrollment trends and expenditures for the

special populations in vocational education are available only for the past few years. Although this is helpful in examining the impact of the present fiscal policy, little or no data of a similar nature are available to examine the impact of other fiscal policy models that are posed and examined in the paper.

Fifth, federal fiscal policy is limited, by various civil rights statutes, to providing federal funds only for the additional excess costs of educating special needs youth and adults. On a statewide, aggregate basis, it is each state's responsibility to ensure that special needs students receive the same level of state and local per-pupil expenditure as nonspecial needs students. Although this assumption underlies the policy analysis presented in this paper, the reader should be aware that it has been and will probably continue to be subject to various interpretations by federal, state, and local policymakers.

CHAPTER 3

CRITERIA FOR JUDGING FISCAL POLICY ALTERNATIVES

This third section of the paper will present and examine six major criteria that are deemed appropriate for judging fiscal policy alternatives for serving special populations in vocational education. The criteria presented herein are derived from several sources, including the literature on the federal role in education, the goals of vocational special needs education, and the foregoing analyses of the problems and effects of the current fiscal policies. The intent of establishing criteria is to present a set of standards against which the various combinations of policy goals and fiscal alternatives might be adequately examined. To be useful, the criteria must be sufficiently precise and measurable to make evaluative judgments regarding the effectiveness and efficiency of the various alternatives. These criteria form the basis for the analysis of the various fiscal policy alternatives in the last section of the paper. Figure 2 on the following page presents a summary analysis of the criteria and indicators to be used in judging the adequacy of fiscal policy alternatives

Assurance of Access and Equity

Various federal statutes require that all individuals, regardless of sex, race, ethnic origin, or handicap, have an equal opportunity to participate in vocational education. In 1979 these statutes were summarized and enhanced in the Office of Civil Rights' 66 Guidelines for Eliminating Discriminatory Practices and Denial of Services in Vocational Education Programs" (*Federal Register*). Effective fiscal policy must ensure that efforts are made to achieve balanced enrollments by various special population groups on a statewide as well as local level. Using this criterion, most viable policies will ensure that fiscal incentives are provided for achieving enrollments that are balanced in accordance with the state and local recipient's general population incidence of race, ethnic origin, disadvantagement, and disability. Policies effectively meeting this criterion would reward those eligible recipients whose annual progress toward balanced vocational education enrollments compares favorably with the ethnic, female, or handicapped enrollment rates in secondary or postsecondary programs.

Fiscal Adequacy

Johns, Morphet, and Alexander (1983) have suggested federal education policy should be evaluated, in part, based upon whether or not the level of funding can "promote the development of adequate public school programs in all states" (p. 344). Other federal legislation which is targeted specifically for special populations (such as The Education of All Handicapped Children Act of 1975, P.L. 94-142, and Chapter 1 of the Education Consolidation and Improvement Act) is predicated on the notion that substantial additional expenditures are needed to educate handicapped and disadvantaged youths effectively. The combined federal, state, and local expenditures must be sufficient to provide the necessary services that ensure successful completion of vocational educa-

Criterion	Indicators
1. Assurance of Access and Equity	1a. Balance enrollment by sex, handicapped and disadvantaged conditions by: • In-state locations (urban-suburban-rural) • All vocational education programs • Occupationally specific and non-occupationally specific program
	1b. Continued growth in the number and percentage of special needs students participating in vocational education
2. Fiscal Adequacy	2a. Progress toward funding levels that yield the same educational and employment results or outcomes for special needs students as for non special needs students
	2b. Maintenance or increase in total federal, state, and local expenditures
	2c. Maintenance or increase in the level of expenditures per student
3. State Assistance in Meeting Specific Needs	3a. Funding mechanisms and formulae lead to increased state and local expenditures over present levels
	3b. Funding mechanisms allow for flexibility in in-state allocation and distribution
	3c. Federal funds should supplement but not supplant existing or new state and local fiscal initiatives to serve special populations.
4. Internal Consistency	4a. Fiscal and programmatic policies ensure that special populations will participate in all programs under the VEA
	4b. Ensure that fiscal policy for the other sections of the VEA are not in conflict with special populations fiscal policy
5. External Consistency (with the Job Training Partnership Act, Education of the Handicapped Act, and Educational Consolidation and Improvement Act)	5a. Fiscal and programmatic policies assure that special Consistency populations served under the act participate in and benefit from other appropriate federally supported programs.
	5b. Fiscal policy supports interagency funding of programs at the state and local levels
	5c. Policy provides for common and clear definitions of special populations, programs, support services, and data collection across federally supported programs
6. Administrative Efficiency	6a. Policy does not prohibit of discourage eligible recipients from participating
	6b. Policy minimizes administrative costs and burden
7. Accountability	7a. Policy facilitates the collection of enrollment, placement staff, and expenditure data to ensure accountability for access and equity provisions
	7b. Policy enhances probability of compliance with policy intent

Figure 2. Criteria and Indicators for Judging Various Fiscal Policy Alternatives

tion programs by a reasonable percentage of special needs youth and adults. Further, it has been acknowledged that programs for special populations have higher costs, and that the cost varies depending largely upon the severity of the person's handicap or disadvantage. As noted in table 4, the average expenditure per student ranged from $406 for handicapped students to $156 for LEP students in vocational education in school year 1980-81.

Fiscal adequacy is an extremely difficult criterion to judge. Without comprehensive and definitive information describing vocational education outcomes (e.g., job placement) for special needs students, it is difficult to determine the level of total fiscal effort needed to make certain that special population youth achieve the same outcomes as nonspecial population youth or adults.

It appears essential that federal vocational education funds for special populations not be reduced below current levels, as well as increase the expenditure per special population student served over time. In a theoretical sense, the level of fiscal adequacy will be achieved when the educational and employment outcomes for special population students are identical to the educational and employment outcomes for nonspecial population students.

State Assistance

The overall goal of federal legislation and policy is often described as one of assisting states in their efforts to address problems of importance to the national interest and well-being. Resolution of problems such as educating handicapped students for employment is also beneficial to states and counties since it is likely to reduce dependency of these individuals on social welfare programs (Phelps, et al. 1982) and increase the size of a nation's trained work force. However, it is important to recognize that states have varying levels of incidence of special populations. Recent immigrants, who constitute a large portion of the LEP population, tend to settle in selected states. Further, not all states have enacted state legislation and policy to meet the educational needs of the various special population groups. As McGuire's report (1982) indicated, there are widely varying types of state programs for special student populations at the elementary and secondary levels.

Optimal federal fiscal policy must allow sufficient flexibility for states to allocate and distribute funds to eligible recipients in accordance with the incidence and number of special population students needing vocational education services. Additionally, fiscal policy must encourage matching state and local expenditures for special population students, and allow funds to be used for multiple purposes. This latter provision will help to ensure that federal funds supplement rather than supplant state and local funds currently being spent on special student populations.

Internal Consistency

Historically, federal vocational education policy has been designed to achieve a variety of purposes. In accordance with the access criterion cited earlier, it is important to ensure that special population students have an equal opportunity to participate in each of the diverse programs funded under the VEA, including such programs as consumer and homemaking education, adult retraining, apprenticeship programs, and so on. Federal fiscal policy for vocational education should also be carefully examined for potentially conflicting or competing provisions. Policies that require all special population students to be served but do not allocate or distribute funds based on the various levels of cost for serving severely to mildly handicapped students may be contradictory.

External Consistency

As noted in the introduction, there are several federal programs that serve the education and employment needs of special populations. To maximize the cost-effectiveness of all programs, it is important that the policies associated with these programs be consistent and coordinated. As Phelps (1981) has noted, increased interagency collaboration between vocational education, special education, and vocational rehabilitation is vital to providing a continuum of services to handicapped youth and adults as they move from school to work. In the context of federal fiscal policy, policy assurances should be provided in the authorizing legislation to allow for multiagency funding of programs at the state and local levels. Another vehicle for ensuring external consistency is to standardize special population definitions. Standardization of definitions for programs, support services, and data collection across similar federal programs is also important.

Administrative Efficiency

Administrative efficiency requires rather obvious and straightforward criteria for judging fiscal policy. The policy should not be so complex that it becomes overly costly or burdensome to administer at the state or local level. To maximize the impact of federal funds upon special population students, administrative costs should be kept to a minimum. Since most states and communities have had vocational programs in place for well over fifty years, most of the costs for administering these programs are now part of the ongoing program.

Accountability

To ensure that the intent of federal fiscal policy for special populations in vocational education is realized, accountability mechanisms are needed. Optimally, data should be reported annually by each local eligible recipient, documenting the number of special population students served by a program and by special need, expenditures, and postprogram placement data.

CHAPTER 4

SELECTED FISCAL POLICY ALTERNATIVES

This section presents several alternatives for structuring fiscal policy. The alternatives presented herein are best examined as special or supplemental considerations in shaping the overall federal fiscal policy for vocational education. The alternatives or options proposed here are not exhaustive or mutually exclusive, but rather describe a series of significantly different approaches to meeting the objectives discussed above.

Direct Federal Grant to Eligible Recipients

Under Title VII of the Elementary and Secondary Education Act, the federal government provides grants directly to local education agencies for serving limited-English-proficient students. The program was begun in 1969 and initially supported programs in twenty-one different states. Grants are provided directly to local education agencies based on competitive proposals submitted to the U.S. Department of Education.

A direct federal grant program to local education agencies (secondary and/or postsecondary) designed to assist them in serving special populations would have several key features:

- A basic requirement for submission of a three to five year program application that would specify—
  - the number of special needs students to be served;
  - their educational and employment needs;
  - the specific support services and program modifications to be provided;
  - a plan for coordinating the program with the other federal programs, such as JTPA special education, Chapter 1, vocational rehabilitation, and bilingual education programs;
  - a plan for annual evaluation of the program;
  - assurance by the recipient of compliance with all OCR requirements;
  - a budget detailing the program operating costs.
- A requirement that over the life of the grant (three to five years) the local education agency would gradually increase the local share of the total program costs.

- Federal funds would be allocated for each state or region based upon the total population, unemployment rates, and per capita income. Proposals would be judged and rated on a competitive basis by panels of knowledgeable professionals, employers, and representatives of special needs populations.

- The Secretary of Education could establish targets or priorities to fund programs serving particular special needs groups, or certain types of programs (e.g., mainstream vs. separate vs. institutional programs, such as correctional vocational education).

- A percentage (10-15) of the funds allocated to a state or region would be set aside for state education agencies, institutions of higher education, and other non-profit organizations to receive grants to provide inservice training, statewide coordination, technical assistance, and program evaluations to LEAs funded under the program. Grants for these purposes would also be awarded on the basis of competitive proposals.

Student Incentive Grants

The Committee on Vocational Education and Economic Development in Depressed Areas (Sherman 1983) recently formulated a proposal focused on improving vocational education for economically disadvantaged youth and adults. A system of vocational incentive grants patterned after the basic education opportunity grants would be established.

> Such a system would provide grants to institutions on behalf of students between the ages of 14 and 18. The size of the grants would be scaled to the student's economic resources, generally family income and economic obligations. The grants could be used to obtain vocational training in public or private schools anywhere in the country, without regard to the previous residence of the student. The grants would provide training for each eligible student at a maximum value equal to 100-120 percent of national average expenditures per student in secondary vocational education programs. Students could use their grants any time during their four years of eligibility and for sufficient time to complete their programs. (p. 80)

This proposal contains several interesting concepts that could be expanded and refined. Although the primary target audience is the secondary-level student, the program could be expanded to include postsecondary and adult special needs populations. As noted by the committee, the Basic Educational Opportunity Grant (or Pell Grant) program already exists for this population and could serve as a mechanism for establishing student eligibility and disbursing funds. A postsecondary component would most likely be more responsive to meeting demands of the labor market. Grants could be given only to students willing to enter vocational education programs for which there were skilled worker shortages. Additional considerations may also be needed to develop similar incentive grant programs for handicapped, LEP, and other special population groups whose principal barrier to participation in a quality vocational education program is a lack of economic resources. Within the incentive grant program, specific set-asides could be established for LEP and handicapped persons who demonstrate economic need. In this proposal, the committee also emphasized the need for consumer protection. Under this concept, institutions offering incentive grants would be required to provide interested, prospective students with detailed descriptions of their programs, requirements for enrollment, skills taught, and written evaluations of their programs.

Categorical State Grant Alternatives

The current authorizing legislation for vocational education (the Education Amendments of 1976, P.L. 94-482, Title II) has been described as a categorical block grant to states. The State Programs section (Part 104) allows state boards of vocational education to utilize funds for a wide variety of programs and services, including day care and support services for women, energy education, industrial arts programs, work-study programs, construction of area vocational centers, and cooperative education. Aside from requirements to spend 20 percent of the funds on program improvement and supportive services, and 20 percent, 10 percent, and 15 percent of the funds for disadvantaged, handicapped, and postsecondary and adult students respectively, states have full discretion in spending the basic grant funds as they deem necessary and appropriate.

Benson and Hoachlander (1981a), the American Vocational Association (1983), and several other policy analysts and organizations have suggested establishing a fiscal model that gives major control of resources to State boards of vocational education. The National Institute of Education (1981) study of vocational education also supports this basic approach. Since its inception in 1917, control of and responsibility for federal vocational education programs and resources has increasingly shifted to the state level. Concurrently, state and local expenditures for vocational education have risen to the point where federal funds are overmatched about 8 to 1. Tradition and recent policy have clearly embedded this approach in the federal, state, and local vocational education enterprise.

At least two alternatives appear within the categorical state grant for vocational education. Both alternatives exist in the current act. Both the set-aside and separate title options described below are predicated on several general administrative provisions. It is assumed that a state plan would continue to be required and that the plan would specify statewide needs, goals and objectives, and procedures for meeting the vocational education needs of all special populations. The plan would be developed in concert with and reviewed by other state human service agencies serving special populations. These would include the state job training coordinating council, vocational rehabilitation, and state offices responsible for special education, compensatory education, bilingual education, and OCR activities. A state advisory council composed of individuals representing each of the various special population groups would also review the state plan and conduct evaluations. Requirements would exist for a local vocational education plan and local advisory council that would address, in part, needs, programs, services, and outcomes for special population students. Finally, each state board would be required to spend a minimum of one hundred thousand dollars annually from the federal grant to employ full-time personnel who would be responsible for monitoring and addressing equity and special population concerns. These individuals would carry out monitoring and technical assistance activities similar to those of the currently authorized, full-time, sex equity personnel.

Set-aside Model

The set-aside model focuses on ensuring that special needs populations will receive the benefit of a portion of all federal vocational education funds received by a state. Under the present legislation, adults, handicapped, disadvantaged, and LEP students (if they are residents of the state) are targeted to receive specific allocations. The federal funds set-aside for the disadvantaged and handicapped students must be used to pay not more than 50 percent of the excess costs of serving these students. With the set-aside model, the total federal expenditure for special populations is dependent upon and directly correlated with the total appropriation for state vocational education programs.

A possible set-aside model would include the following fiscal provisions:

- States would be required to spend a minimum of 40 percent of the federal funds they receive from the act to serve special populations.
- Federal funds would be used to pay only for those additional, excess costs associated with providing supportive and special services or to modify vocational education programs. Matching of federal funds would not be required.
- The set aside would be calculated based on expenditures across all titles and programs in the basic state grant. This would provide states with maximum flexibility in addressing the needs of special populations with an appropriate mix of programs, program improvement activities (e.g., curriculum development and personnel training), and supportive services (e.g., guidance and counseling, teacher aides, day-care services, etc.).

Separate Title

Under Section 140 of the current act, the Special Program for the Disadvantaged provides funds to states and local communities to pay 100 percent of the costs for providing vocational education to disadvantaged students. The separate title status of this program requires Congress specifically to appropriate funds on an annual basis for meeting the intent of the title. States are required to use these funds to provide vocational education to disadvantaged students in these areas with high concentrations of youth unemployment or school dropouts. Funds available under this section may be used in addition to funds that a state receives under its basic grant. The only restriction is that they must be used to conduct special vocational education programs designed to enable disadvantaged students to succeed in regular vocational education programs.

A recent legislative proposal from the American Vocational Association (1982) contains a potential alternative model for a separate title. The principal components of this proposed model are as follows:

- States would receive an allocation via a formula that would consider percentage of total population and unemployment rate.
- Funds would be distributed to eligible recipients via a formula including (1) the number of special population youth served in the previous year, and (2) the number of special population youth proposed to be served.
- Five major special population groups are to be served. These would include the educationally and economically disadvantaged, handicapped, LEP, singleparents, and students entering programs nontraditional for their sex.
- Provisions would be included for coordination, at both state and local levels, of the programs funded under this title with programs funded under the Job Training Partnership Act.
- Matching of funds would not be required for programs funded under this title.
- The authorization level would be set at $325 million for FY 1984. This sum represents a substantial increase from the $225 million that was expended in school year 1980-81 for special needs populations under Sections 110 and 140 of the present act.

Intrastate Distribution Options

As noted in the section on policy goals, one of the central purposes of both current and previous vocational education legislation is to make programs accessible to and equitable for all persons. Similarly, one of the pertinent fiscal goals is to distribute funds to communities within a state in a manner that will ensure that all youth and adults will have access to a similar array of high-quality programs, regardless of their location within the state. Several aspects of distribution policies deserve attention when special student populations are considered. Such aspects include the additional costs associated with educating special needs students, the varying costs of vocational education programs, and the diverse, fiscal resource levels of communities.

Pupil-Weighting Formula Options

Benson and Hoachlander (1981a) have suggested that a pupil-weighting formula be adopted to distribute the federal and state funds to eligible recipients. Such a formula would include mechanisms to add in factors for the additional costs of serving special needs students. An illustration provided by these authors (pp. 34-35) may be helpful:

> For reimbursement purposes, the state would determine the weighted enrollment for each eligible recipient using the following general formula:
>
> $$WE = VE + aHE + bDE + cLEP$$
>
> Where WE =weighted vocational education enrollment
> VE = the local enrollment in vocational education
> HE = number of handicapped students enrolled in vocational education
> DE = number of disadvantaged students enrolled in vocational education
> LEP = number of LEP students enrolled in vocational education
>
> The coefficients a, b, and c are the weights given to each population and these weights must lie within the following ranges:
>
> a (handicapped) = .4 to 1.0
> b (disadvantaged) = .3 to .7
> c (limited-English) = .15 to .3
>
> To illustrate, . . . in a state choosing the maximum weights in all three categories, an eligible recipient has 450 students enrolled in vocational education. Of these, fifty-three are handicapped, ninety-four are academically or economically disadvantaged, and twenty-two are limited English proficiency. The total weighted enrollment for this district is therefore:
>
> $WE = 450 + 1.0(53 + .7(94) = .3(22)$
> $WE = 450 + 53 + 65.8 + 6.6$
> $WE = 575.4$

Several other weighting factors could be entered into the formula. Specific weights could be developed for different levels of handicap severity or language proficiency. The formula could also be modified to provide incentives for those districts achieving balanced enrollments according to sex, race, handicap, disadvantage, and English proficiency. Factors in the formula would be based

on enrollment shifts for the target population and would reward those LEAs achieving greater balance in their programs.

A third option would allow weighted enrollments to reflect differences in program costs. As Sherman (1983, pp. 78-79) noted, vocational education program costs are highly variable and depend upon equipment costs to a greater degree than many academic programs. As the costs per student for specific programs vary, weights could be developed to reflect the range of costs. The weights would then be multiplied by the number of students enrolled in the program, as illustrated above.

Ability to Pay/Wealth Formula Options

In distributing funds to eligible recipients under the current act, states are required to give priority to (1) communities located in economically depressed areas and areas with high rates of unemployment that are unable to provide the resources needed to maintain quality vocational education programs without federal assistance and (2) applicants proposing programs new to the area being served. Further, the law requires states to use two specific factors in allocating funds: (1) the relative financial ability of the LEA to provide the necessary resources and the relative number or concentrations of low-income families residing within the LEA and (2) for other than LEA eligible recipients, the relative ability of such recipients to provide program resources as described above and the relative number or concentration of students whom they serve whose education imposes higher than average costs, such as handicapped students or students from low-income families. Clearly, the central purpose in having such distribution requirements is to direct more federal funds to those eligible recipients with the fewest resources and limited ability to provide quality vocational education programs. The inclusion of such factors can also be seen as an attempt to enhance the funding base for adequately serving special needs students. The National Institute of Education (1981) study of vocational education examined the effects of the current intrastate distribution formulae and found that at both the secondary and postsecondary levels, relative financial ability, as used by the states examined, did not have a systematic or consistent effect on the allocation of funds. (pp. II-23).

> In most states . . . the districts with high unemployment rates did, on the average, receive more VEA funds than districts with low unemployment rates. However . . . the differences in funding levels could not be directly attributed to differences in unemployment rates. (pp. II-27)

The findings for the effects of concentrations of low-income families or individuals were similar. The authors of the study concluded that, in 1979, none of the three mandated factors had an orderly, systematic, independent effect upon the allocation of funds within the twelve states studied.

> The lack of consistent and significant effects in the analyses of the consequences of the State's distribution procedures supports the findings that the procedures are too complex and that they try to achieve too many results with too few funds to be effective with respect to any single result. Statistical analyses fail to show only consistent results among states, and although the formulas are having some impact on allocations, there are more aberrations and randomness than there could be if sound, more clearly defined procedures were used. (pp. II-43)

Proposed Key Elements

To address some of these key concerns in future legilsation, an intrastate distribution policy might include one or more of the following key components:

- Require states to match federal funds with state dollars only and further to stipulate that the matching state dollars be allocated under the same formula as federal funds (Benson and Hoachlander 1981a, p. 21). This would target greater resources on fewer and more specific federal goals for vocational education programs.

- Allow states to select and use a single criterion reflecting fiscal capacity, ability to pay or wealth, and to use this measure in distributing 50 percent of the federal funds received by a state.

- Require states to use a pupil-weighting formula that takes into account the added costs of serving special needs students, as well as the variance in vocational program costs.

CHAPTER 5

ANALYSIS OF FISCAL POLICY ALTERNATIVES

This policy analysis examines several alternative, federal fiscal policies and whether these policies can assist states and local communities in adequately addressing the vocational education and training needs of special student populations. As one attempts to structure an analysis of this type several options are available. It is important to recognize, however, that an analysis such as this will always be incomplete. Not all criteria can be applied to every fiscal policy alternative because each one has unique features. Some alternatives, by their design, did not address all the criteria presented in figure 2. Further, the number of combinations of different fiscal alternatives and evaluative criteria that could be reasonably postulated is infinite. As the National Institute of Education (1981) sub-studies have illustrated, the various combinations of elements within a fiscal policy have each been justified by the purposes and provisions of the act. Policy makers should avoid high degrees of complexity in fiscal policy because—(1) clear procedures are difficult to formulate and (2) the interactive effects of multiple variables in a distribution formula tend to wash out each other.

An analysis of this nature is also highly dependent upon the relative priority given to achieving the different policy goals for special populations. If, for instance, the major thrust for federal policy is toward program improvement, then one might assume that less priority could be placed upon the goals of access, equity, and interagency collaboration. The extent to which certain goals are clearly defined and receive priority over other goals will dictate, to a large extent, the design of appropriate fiscal policy.

With these prefacing comments, the following sections examine and discuss the selected fiscal policy alternatives in light of the six major criteria presented earlier. Table 6 on the following page presents a summary impact analysis of the various fiscal alternatives that have been proposed.

Assurance of Access and Equity

Each of the proposed fiscal policy alternatives has elements that focus on ensuring access and equity. The pupil-weighting and fiscal capacity formula options are the most powerful in ensuring that all special population students within a state will receive access to high-quality vocational education programs. Additionally, the incentives can be added to each formula to reward LEAs for their efforts to achieve balanced enrollments. The set-aside and separate title alternatives could be structured to include an effective intra-state distribution formula that includes both pupil weights and fiscal capacity factors. The student incentive grant option would improve access and equity principally for economically disadvantaged populations. The direct federal grant to eligible recipients option would enhance the access to and quality of vocational programs for special population students in those LEAs receiving grants. However, special needs populations in other LEAs would be severely compromised by this criterion. Wise and Darling-Hammond (1983) raised

TABLE 6

PREDICTED IMPACT OF FISCAL POLICY ALTERNATIVES FOR SERVING SPECIAL POPULATIONS

Criteria	Direct Federal Grant to Eligible Recipients	Student Incentive Grants	Categorical State Grants		Intrastate Distribution Formula	
			Set-aside	Separate Title	Pupil Weights	Wealth Factors
Assurance of access & equity	High (for students in LEAs receiving grants)—Low	High (for students receiving grants)—Low	Moderate	High	Very High	High
Fiscal adequacy	Uncertain (Dependent upon level of federal funding)	Uncertain (Dependent upon level of federal funding)	Low	Moderate	High	High
State assistance in meeting specific needs	Low	Uncertain	High	High	Uncertain	Uncertain
Internal consistency	Low	Uncertain	High	Moderate-High	Uncertain	Uncertain
External consistency	Moderate-High	Uncertain	Moderate	Moderate-High	Uncertain	Uncertain
Administrative efficiency	Low-Moderate	Low-Moderate	Low	Moderate	High	High
Accountability	High	High	Moderate	High	Very High	Uncertain

serious questions about whether the market accountability of voucher and incentive grant programs can really ensure equal opportunity. Will students and their parents know when quality education is being provided? Will they have options when they are dissatisfied? Will their individual decisions, taken collectively, satisfy the local or state need for an educated citizenry? To a large degree, access and equity assurances would be controlled by factors in the intrastate distribution formula and possible decisions to target funds for specific populations in those alternatives administered directly by the U.S. Department of Education.

Fiscal Adequacy

Given the current interest of the Congress and the administration in reducing the deficit, it is not likely that substantial new commitments of federal support will be forthcoming over the next few years. Although the combined federal, state, and local expenditures for special populations have increased dramatically over the past three years, most researchers and policy analysts believe additional funding is crucial if vocational education is to achieve employment and education outcomes for special population students that are comparable to those achieved for other vocational education students. Clearly, the options that require state and local matching or maintenance of effort (direct grant, set-aside, and separate title) for special populations are most attractive for meeting these standards. The pupil-weighting and fiscal capacity formulae are also effective strategies for ensuring that adequately funded services and programs are provided, based on the needs of the students to be served, cost of programs, and the wealth of the LEA. Matching and maintenance of effort requirements are essential in the fiscal policy design if fiscal adequacy for special student populations is to be maintained or strengthened.

State Assistance

The historical precedents for a federal-state program of vocational education are numerous and enduring. Since state education needs vary widely in its nature and scope, fiscal policy for special student populations should be sufficiently flexible. This allows states to use state and local dollars appropriately in meeting the specific vocational education needs of women, minority, LEP, disadvantaged, and handicapped students.

The categorical state grant options can be readily structured with sufficient flexibility to respond to individual state needs. As the National Institute of Education (1981) final report indicates, under the current law most states have added in various factors to the in-state distribution formula to aid in meeting specific problems (e.g., reducing dropouts). As state and local interest grows in improving the quality of education, the federal fiscal policy must allow for a wide variety of new state fiscal initiatives.

The direct federal grant to eligible recipients works against achieving this criterion of flexibility to some degree, because it leaves the final decisions about local needs and level of funding for the applicant LEAs in the hands of the U.S. Department of Education. If flexibility were considered to be a high priority, the role of state agencies in screening, reviewing, and recommending applications from LEAs within their state would have to be substantial.

Internal Consistency

The categorical state grants provide the highest probability that special population students will be served as an integral part of the total vocational education program. Of the two state grant options, the set-aside design is optimal because it implies that special population students must be served in each of the various programs sponsored with federal funds. On its face, the separate title option may suggest that all special students would be served exclusively under a separate program. However, the Office of Civil Rights assurances would require that all students have access to any vocational education program being offered, regardless of its source of funding. Internal consistency would be judged most appropriately by examining state and local plans for vocational education. In the absence of such plans (i.e., student incentive grant and direct federal grant to eligible recipients), internal consistency would be minimal at best.

External Consistency

The categorical state grant options (set-aside and separate title) have the greatest potential for achieving the criterion of external consistency These options require the development of state and local plans in concert with other human service agencies. These provisions ensure that special programs and support services are delivered in a cost-effective and cost-efficient manner. The systematic, coordinated funding of programs for special student populations could minimize or eliminate duplicative efforts. At the same time, they would substantially expand the total fiscal base for programs on both the state and local level.

The direct federal grant option would also address this criterion. However, without state-level monitoring, it would be difficult to keep track of the full extent of interagency collaboration occurring within the funded LEAs.

Administrative Efficiency

Widely varying levels of administrative efficiency will be achieved in the proposed fiscal policy alternatives. The direct federal grant program would require a greatly expanded federal staff to operate and monitor the program which would likely serve five thousand to eight thousand LEAs. The incentive grant program would also require a large federal staff. The size of the program staff would depend upon the number of eligible students and total federal appropriation.

The state-administered program options would probably have negligible effects upon administrative costs and efficiency since they would require administrative resources and expertise that are similar to those currently in place.

As administrative costs and efficiencies are analyzed, the start-up costs associated with implementing a new or substantially modified program must be weighed against any long-term savings in administrative costs. The rapidly expanding use of technology in handling administrative support functions make it difficult to project the levels of administrative efficiency that could be achieved at the federal, state, or local levels.

Accountability

In terms of accountability, each of the proposed alternatives appears to include assurances for the collection of student, expenditure, program, and placement data on special population students in vocational education. It would appear that the existing VEDS data system could be modified or supplemented as needed to implement one of the proposed alternatives. However, the wealth factor formula is problematical because there is no assurance that the incidence of special needs populations correlates well with communities having low tax bases or high unemployment rates.

CHAPTER 6

SUMMARY AND DISCUSSION

Past Policy Performance

The effectiveness of past and present federal fiscal policy related to special population students in vocational education can best be characterized as minimally adequate and generally ineffective in achieving the goals of educational access and equity. Although increases in the number of special population students served and federal, state, and local expenditures have been noted in recent years, the total of unserved and underserved students (e.g., high school dropouts, handicapped students, unemployed youth, single teenage parents, limited-English-proficient adults) remains at unacceptably high levels. Unemployment rates among minority disadvantaged youth who have dropped out of school continue to run as high as 50 percent. Others appear to be unserved because of restrictive, excess cost-matching provisions required of local education agencies.

For those students who are being served, most appear to be enrolled in regular vocational education programs at both the secondary and postsecondary levels. They participate fully in both occupationally specific (advanced) courses, and general vocational education programs. But, the quality and effectiveness of these programs, as measured by the employment rates, earnings, and continuing education interests of special population students, remain largely unknown.

Prioritization of Goals

Prior to formulating a viable fiscal policy, it is imperative for policymakers to identify and prioritize the goals and objectives of the program. Historically, federal goals and objectives for vocational education have been seen as diverse and pluralistic. For special population students, the goals of access, equity, program improvement, and interagency collaboration have been posited in recent legislation concerning education, job training, employment, and civil rights. With limited resources for vocational education programs, priorities must be established and adequate federal and state resources must be focused on a few, clearly defined objectives. Such an approach will make certain that more meaningful impact and change will occur. As more special population students are served in vocational education programs, more attention may need to be given to the goals of enhancing equity and promoting program improvement. If policymakers believe economic matters deserve a higher priority, they should give more attention to policies requiring interagency collaboration, more coordination, and less duplication of services provided by vocational rehabilitation, the Job Training Partnership Act, and other federal human service agencies.

Prioritization of Evaluative Criteria

Of equal importance, policymakers must determine the relative priority of selected criteria for choosing a fiscal policy option(s). Seven general criteria have been identified as appropriate in this

analysis: (1) ensuring access and equity, (2) achieving fiscal adequacy, (3) assisting states in meeting specific needs, (4) ensuring internal consistency (with the overall VEA), (5) ensuring external consistency (with other federal programs), (6) providing for administrative efficiency, and (7) ensuring accountability. Once program aims and goals are identified, the set of appropriate criteria for judging fiscal policy alternatives becomes clearer.

But, once policymakers set a goal or direction (i.e., ensuring program access and equity), they must also wrestle with formulating specific policies that lead to achievement of the goal. Related matters, concerning administrative efficiency, matching requirements, and accountability are also important criteria to be examined and carefully analyzed in developing the implementation strategy. Such considerations may become very complex.

The Most Promising Alternative

As suggested earlier, a variety of federal fiscal policy alternatives deserve serious consideration. Table 6 presented a synthesis of four major alternatives in terms of their predicted impact, using the criteria for judging optimal fiscal policy for special population students. Several of these alternatives have yet to be adequately developed, tested, and evaluated in order to determine their potential impact upon students and programs. Thus, many of the cells in the table reflect uncertainty about the potential effects of the particular alternative. Over the next few years the U.S. Department of Education needs to mount a major program of research that would further develop and test the feasibility of the fiscal policy models proposed herein, as well as others that appear promising.

Given the assumptions and limitations of the present analysis, the summary synthesis presented in table 6 suggests that the preferred alternative for the short run is a categorical state grant program for vocational education, with a separate authorization title for special population students. This alternative should also incorporate a pupil weighting system to provide varying levels of funding. These levels would be based upon the severity of the students' educational problems. This approach would enable state boards of vocational education to provide funding to eligible recipients, reflecting the number of special population students served and the relative costs of their programs. Local plans would specify the number of students needing vocational education, as well as the type and severity of their educational needs. Such client data, which are not presently collected at the local level, would be extremely valuable for strengthening requests for additional funding or reallocation of present funding from federal, state, local, and private sources. However, in the short run the present level of funding of the VEA remains highly inadequate. This dearth of funding will continue to inhibit any substantial progress toward attainment of even clearly specified goal(s) affecting special population students.

Federal fiscal support would be given to defray the costs associated with the additional services or special programs required by special population students. Fiscal adequacy could be further enhanced by requirements for state and local matching. Matching levels could be variable (e.g., 25 to 100 percent) depending upon the total cost of the student's vocational training. The state and local match for high-cost programs for severely limited students (e.g., electronics programs for non-English speakers) would be at the minimum level, whereas the match requirement for mildly handicapped students in low-cost programs (e.g., cooperative vocational education) would be 100 percent.

Initial implementation of this approach would be costly in terms of administrative efficiency. At the outset, significant costs would be incurred to develop functional computer programs and train

state and local administrators. The approach also requires some additional data collection relative to the educational needs of special population students being served. Options need to be explored for compiling such information from other programs and agencies such as special education, bilingual education, and the JTPA service delivery agents.

As suggested earlier, each of the proposed alternatives merits further consideration in the form of conceptual development and experimentation. Further development of a model for separate title covering categorical grants should proceed as follows:

- Development of a conceptual and theoretical framework that explicates and examines the relationship of various components of the model to other federal policies (fiscal and non-fiscal) and state policies.

- Identification and specification of fiscal incentives at the state and local level for increasing coordination of special population programs and services with those funded by the Job Training Partnership Act, Chapter 1 of the Education Consolidation and Improvement Act, Rehabilitation Act, and the Education of the Handicapped Act.

- Development and conduction of a series of pilot and simulation studies to test the utility, validity, and reliability of alternative procedures for calculating appropriate matching ratios, pupil weights, and other components of interstate and intrastate distribution formulae.

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